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In The

Supreme Court of the United States

October Term, 1989

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY,

Respondent.

On A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

REPLY BRIEF BY PETITIONERS

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Petitioners[1] file this Reply to the Respondent's Brief (Resp. Br.) and the briefs of amici: Songwriters Guild of America (SGA Br.), Committee for Literary Property Studies (CLPS Br.), and the Register of Copyrights (Reg. Br.).[1a]

For the first time,[2] respondent contends (Resp. Br. 16-20) that the renewal issue in this case is governed by the 1976 Act, not the 1909 Act. Of course, respondent is wrong. Congress did not retroactively, in 1976, change the effect of the 1969 renewal. While respondent's new argument positions him to contend that the 1976 Congress has barred this Court from clarifying the judicial gloss that gave rise to the disagreement among the circuit courts and commentators (Resp. Br. 23-24), it abandons that part of the majority's opinion below which specifically held that the issue in this case was governed by sections 7 and 24 of the 1909 Act. Pet.App. 16-25. Thus, respondent now claims that the 1976 Congress deliberately protected derivative works from the effects of the new *statutory* reversionary right under section 304(c)(6)(A) but in the preceding subsection (a) deliberately prohibited the courts from protecting derivative works from the effects of the still evolving renewal term reversion implied by courts under the 1909 Act. Respondent's contention makes no sense and is devoid of support.

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[1] Petitioners MCA Inc. and Universal Film Exchanges, Inc. have previously made the listing required by Rule 29.1 (formerly Rule 28.1) in their Petition for Certiorari, at iii.

[1a] References herein are to the non-conforming Register's Brief. Petitioners have never received a printed copy.

[2] Respondent's opposition to the summary judgment, CR 94, and his opening brief to the Ninth Circuit, CR 16-31, 36-38, all argued that the 1909 Act governed the outcome of this case. Only in respondent's Reply brief to the Ninth Circuit did he argue for the first time, in the alternative, that the 1976 Act somehow reinforced his argument under the 1909 Act. Reply

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I. THE EFFECT OF THE 1969 RENEWAL OF THE WOOLRICH SHORT STORY COPYRIGHT ON THE 1945 WOOLRICH ASSIGNMENT AND THE 1954 FILM COPYRIGHT IS GOVERNED BY THE 1909 ACT, NOT THE 1976 ACT

Woolrich's executor renewed the Short Story copyright in 1969. CR 87: Ex. 1015. The renewal term began in February of 1970, 28 years and a day after the first publication of the Short Story. R. 87: Ex. 1029; 1909 Act, § 25. It is at that moment that respondent claims that section 24 of the existing 1909 Act operated (1) to cause a reversion of all of petitioners' assigned rights, including the right to cor tinue distribution of the Film, and (2) to create a "new estate" for the Short Story and to effect the "copyright death" of the copyrighted derivative work Film. Thus, the 1909 Act governs this issue. *See International Film Exchange, Ltd. v. Corinth Films, Inc.*, 621 F.Supp. 631 (S.D.N.Y. 1985).

II. THE 1976 CONGRESS DID NOT ADOPT THE ABEND RULE IN CONTINUING THE RENEWAL SCHEME FOR PRE-1978 WORKS

Respondent now elects (Resp. Br. 16-20) to prove that the 1976 Congress identified a "prevailing view" about the legal effects of the 1969 renewal of a prior copyright on a derivative work copyright and deliberately chose to impose that view on future courts.[3]

But, when the 1976 Congress decided to continue the two-term scheme for works having existing copyrights as

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Br. filed 4/1/88, at 29-32. Perhaps because petitioners had no opportunity to correct respondent's misreading of the legislative history of the 1976 Act, the majority below mistakenly adopted respondent's defective reading as a makeweight to its decision concerning the 1909 Act. Pet.App. at 29-31.

[3] Thus, although respondent announces – "This is a case of statutory construction" – Resp. Br. at 1, he fails in 49 pages to

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of 1978, it cannot be said that "federal courts had consistently and routinely" decided the issue in this case. *Herman & MacLean v. Huddleston*, 459 U.S. 375, 385 (1983). In fact, Judge Friendly concluded the year after the 1976 Act that the issue in this case was then a matter of "first impression". *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484, 485 n.1 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977).[4] Indeed, even today, the Register informs this Court: "The law of renewal is complicated and involved and much in need of clarification." Reg. Br. 2.

In fact, the situation here is more similar to that respecting the 1976 Act's work-for-hire provisions, construed just last term in *Community For Creative Non-Violence v. Reid*, 109 S.Ct. 2166 (1989) ("Reid"). There, petitioners argued that the 1976 Congress in enacting the 1976 Copyright Act meant to incorporate a line of cases decided under the 1909 Act giving a hiring party copyright ownership whenever the employer had the right to control or supervise the artists' work. Petitioners relied on the lack of evidence in the Act or its history of a Congressional intent to reject the "control" standard. *Id.*, at 2177. This Court was "unpersuaded. Ordinarily,

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discuss the statutory construction of the 1909 Act, the only Act relevant to this case.

[4] Respondent cannot cite any authority to the contrary. Instead, he argues (Resp. Br. 19) that Congress deliberately adopted pre-1976 decisions concerning distinguishable issues, a tentative opinion in a 1960 Register of Copyright study and the conflicting views of commentators. As of 1985, all the members of this Court in *Mills Music, Inc. v. Snyder*, 469 U.S. 153 (1985), acknowledged the existence of disagreement among commentators, 469 U.S. at 176 n.45, 183 n.7, about the issue, prompted by *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469, 471 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951). Four Justices of this Court, without contradiction, stated that the *Rohauer* decision resolved the dispute. 469 U.S. at 183 n.7.

'Congress' silence is just that – silence.' " . . . *Id.*, at 2177. [Citation omitted.]

A. The So-Called "Prevailing View" Was Not Universally Or Strongly Held

We have already shown that the *Rohauer* result is not precluded by pre-1977 decisions stating that (1) only authors or their statutory successors may renew, (2) a statutory successor obtains a "new estate," (3) an author's statutory successor (rather than a mere publisher-assignee) obtains the renewal term, *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960), or (4) a derivative work copyright only "protects" new matter. Pet. Br. 14-32. Thus, none of the reported decisions prior to 1976, even if adopted by Congress, could be said to have decided the issue in *Rohauer* and in this case. Pet. Br. 25-32.

In the absence of definitive decisions on point or express references in the legislative history, it makes no sense to assume that Congress adopted any "views." Although respondent and the majority below now claim that the *Rohauer* result is precluded by *Miller Music, neither* of the two leading proponents of the "prevailing view" relied on *Miller Music* before *Rohauer*. B. Ringer,[5]

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[5] Ms. Ringer's Study did not even directly address the case where an author died. It referred to a situation where a license is "no longer binding." Describing the issue as "a problem that has thoroughly confused the courts in recent years," her conclusion is tentative: "It would seem." *Ringer Study*, at 169. Ms. Ringer also noted that the renewal right "is a unique form of property whose nature and theoretical basis are still unclear." *Id.* at 124. Richard Colby, a studio attorney, wrote her about the 1960 Study, then in draft form: "I am of the feeling that one day a court will decide under the present statute that, if the picture has been produced during the original term of copyright, we may continue to distribute it during the renewal term of the basic literary work without getting

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Study No. 31, "Renewal of Copyright," Studies Prepared for the Subcommittee on Patents, Trademarks and Copyrights, Committee on the Judiciary, U.S. Senate, 86th Cong., 2d Sess. (Comm. Print 1961)("*Ringer Study*");[6] 1 M. Nimmer, *Nimmer On Copyright* § 45.1 at 177-78 (1976) (instead relying primarily on a broad reading of *dictum* in *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951), later distinguished in the only case on point. *Rohauer*, 551 F.2d at 490-91).[7] And, by 1964, the leading copyright journal in this country reported an opposing, narrower "view" of *Ricordi*.[8]

No real debate on the issue here existed until the *Ricordi* decision in 1951. Pet. Br. 25-27. The pre-1951 books and articles cited in support of a "prevailing view," Resp. Br. at 3-12, primarily dealt with the noncontroversial rule that only authors or their statutory successsors may renew and the effect of such renewal on mere publishers,

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permission from the owner of the renewal." Colby, "Rohauer Revisited: 'Rear Window,' Copyright Reversions, Renewals, Terminations, Derivative works and Fair Use," 13 *Pepperdine L.Rev.* 569, 592 (1986). Ms. Ringer, while repeating her reliance on *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.) *cert. denied*, 342 U.S. 849 (1951) and *Fitch v. Shubert*, 20 F.Supp. 314 (S.D.N.Y. 1937), responded in part: "I certainly agree that there is room for more than one point of view on the rights in a 'new version' as against renewal rights in the basic work." *Id.* at 593.

[6] Ms. Ringer's Study *did* cite *Miller Music* on other issues. *E.g., Ringer Study*, at 159 n.382, 166 n.451, 185 n.609.

[7] Professor Nimmer's treatise, during the period 1963-1976, also founded his tentative conclusion on the *Ricordi* decision, which was distinguished in *Rohauer*, 551 F.2d at 492.

[8] Engel, "Importation and Protection of Works of American Authors Manufactured Abroad Via the U.C.C. Exemption from Formalities: How Now Sacred Cow?," 12 *Bull. Copyright Soc'y* 83, 119 n.126 (1964-65).

rather than owners of derivative work copyrights. The cryptic statement in Frolich & Schwartz, *The Law of Motion Pictures*, 549 (1918), relied on in Resp. Br. 7, only referred to a hypothetical conflict between an author's successor and a future user. The De Wolf book, Resp. Br. 7, 19, tentatively speculated "It is conceived that . . . ."; it relied on *White-Smith Music Publishing Co. v. Goff*, 187 F. 247 (1st Cir. 1911), which is irrelevant to this case. Pet. Br. 22 n.33, 24 n.37, 28 n.46. See also, *Drone On Copyright* (1879), at 326-27 (under 1831 and 1870 predecessors to 1909 Act, author *may* divest himself and family of renewal term).

As Judge Friendly observed, because the 1909 renewal provisions were complex, poorly drawn and subject to continual judicial elaboration,[9] it made sense for some derivative copyright owners, such as movie companies, to buy protective licenses.[10] *Rohauer*, 551 F.2d at 493. This sporadic practice had much less of a legal basis than derivative owner reliance on *Rohauer* during the past eleven years.

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[9] B. Kaplan, *An Unhurried View of Copyright* 40-41 (1967): "[T]he statute, like its predecessors, leaves the development of fundamentals to judges. Indeed, the courts have had to be consulted at nearly every point, for the text of the statute has a maddeningly casual prolixity and imprecision throughout."

[10] Abend makes an unfounded claim that licenses were always effective or reasonable. Others disagree. *Amici* studios Br. 7 & n.9; CLPS Br. 21; Bricker, "Renewal and Extension of Copyright," 29 *S. Cal. L. Rev.* 23, 33 (1955) (*contra* Resp.Br. 8: Mr. Bricker never was employed by MCA); Brown, "Renewal Rights in Copyrights," 28 *Cornell L. Q.* 460, 470 (1943). Anecdotal references to licenses obtained for films such as "GONE WITH THE WIND" should be viewed with caution. Not only were such licenses viewed as an alternative to litigation but also as a means to obtain additional rights. Thus, MGM renewed remake rights, and obtained certain television rights it did not have before. It also used its new license as a basis to argue that it owned "sequel" rights. *Trust Co. Bank v. MGM/UA Entertainment Co.*, 772 F.2d 740, 745 (11th Cir. 1985).

B. The 1976 Congress Did Not Adopt Any Established Rule Regarding the Issue Posed By This Case

Respondent incorrectly argues (Resp. Br. 10-11, 19-20) that the decision to continue the existing renewal scheme as to then existing copyrights was "a compromise approved by the affected groups . . . the result of much study and debate." He has confused the history of two quite separate provisions of section 304.

It is true that the new form of reversion applied to grants for *post-1978 works* and *the 19-year extension to existing copyrights* – a statutory right to terminate grants after a period of years, 17 U.S.C. §§ 203 and 304(c) – was the result of debate and compromise. *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 173-74 & n.41 (1985). From the 1955 beginnings of the copyright law revision efforts, the Copyright Register proposed jettisoning the renewal system, adding a single term with an automatic reversion, to repeal the decision in *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943) so that *mere assignee/users* could not prospectively tie up an author's *entire copyright* for its *entire duration*.[11] *Mills Music*, 469 U.S. at 172, 185-86.

But, petitioners have shown (Pet.Br. 38-39) that the 1976 Congress retained the old renewal system for the

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[11] Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, 87th Cong. 1st Sess. Copyright Law Revision (H. Judiciary Comm. Print 1961) (*"Register's 1961 Report"*), at 54-55, 92-94. The Register first proposed an automatic reversion effective after a period of years. This reversion proposal developed into the section 203 and 304 statutory termination rights, which rights were applied only to (a) new works under 17 U.S.C. § 203 and (b) to the additional 19-year extension tacked on by Congress under the 1976 Act, but not to the first 56 years of existing copyrights. 17 U.S.C. § 304(c)(3).

first 56 years of copyright for *pre-1978 works* without debate or any "deal." Pet. Br. 38-39. In his initial 1961 Report, before any hearings or meetings, the Register recognized that existing copyrights posed a special problem. He thus proposed (1) that no retroactive change be made to the renewal system applicable to existing copyrights,[12] (2) even though the existing renewal law was ambiguous and uncertain,[13] (3) because a retroactive change would be unfair.[14] His proposal regarding subsisting copyrights was never challenged or debated[15] and

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[12] *Register's 1961 Report*, at 57. The present Register has apparently forgotten the Office's proposal and its reasons. Reg. Br. 13.

[13] *Id.*, at 53. ("[T]his reversionary feature of the present renewal system has . . . been the source of more confusion and litigation than any other provision in the copyright law.")

[14] *Id.*, at 57. ("Certain persons will have acquired expectancies of the future renewal rights under the present law . . . It is unfortunate that the highly troublesome provisions for reversion of renewal rights should continue in effect for 28 years longer, but we believe this is preferable to the confusion and unfairness that would result if existing renewal expectancies were cut off." Of course, there would have been constitutional problems had Congress purported to destroy vested property rights. 1 M. & D. Nimmer, *Nimmer On Copyright* § 1.11 (1989); *Roth v. Pritikin*, 710 F.2d 934, 939 (2d Cir.), *cert. denied*, 464 U.S. 961 (1983).

[15] All of the discussions cited in Resp. Br. at 11-12, 30-31, were directed to the future works and new 19 year extension governed by sections 203 and 304(c), not 301(a). Respondent's elliptical reference to the MPAA statement (Resp. Br. 11) about subsisting copyrights is juxtaposed out of context. Neither the new termination right nor its exception was the subject of the MPAA's acknowledgment of the Register's longstanding proposal that a "very ambiguous" renewal system would be preserved. 1964 Revision Bill with Discussions and Comments, 89th Cong., 1st Sess., Copyright Law Revision, Part 5 (H. Judiciary Comm. Print 1965), at 307.

was simply repeated in his 1965 report[16] and in the final 1976 House report.[17] Neither *Ricordi* nor *Mills Music* nor any other related decision was discussed in the Register's 1961-1965 reports or in any part of the succeeding legislative history of the 1976 Act regarding the reenactment in section 304(a).[18]

As in *Reid*, 109 S.Ct. at 2177, the text of section 304 also discredits respondent's interpretation of the reenactment of the old renewal system. Even though the *same grant* may be subject to both subsections (a) and (c) of section 304, respondent interprets subsection (c) *expressly* to apply a *Rohauer* result and subsection (a) *impliedly* to apply an *Abend* result.

From the legislative history and the text of the 1976 Act, the only conclusion is that the 1976 Congress reenacted the 1909 renewal system in section 304(a) without

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[16] "We believe it would be unjust to destroy [specific renewal expectancies already bargained for and sold in existing works] whether transferred or not, and section 304(a) therefore follows the [*Register's 1961*] *Report*'s recommendation that the present renewal provision be preserved for these works . . . although *this means perpetuating the complexities, uncertainties, and ambiguities of the renewal section* for another 28 years." Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill, 89th Cong., 1st Sess. Copyright Law Revision, Part 6 (H. Judiciary Comm. Print 1965)(*"Register's 1965 Supplementary Report"*), at 94-95 (emphasis added).

[17] "Subsection (a) of section 304 reenacts and preserves the renewal provision . . . .A great many of the present expectancies in these cases are the subject of existing contracts, and it would be unfair and immensely confusing to cut off or alter these interests." H. R. Rep. 94-1476, 94th Cong., 2d Sess. (1976), at 139.

[18] 3 *The Kaminstein Legislative History Project: A Compendium and Analytical Index of Materials Leading to the Copyright Act of 1976*, 401-447 (A. Latman & J. Lightstone ed. 1983) (hereinafter *"Kaminstein Project"*); 4 *Kaminstein Project*, 155-218.

adopting any particular view on the issue before this Court, thus leaving to future courts the task of defining the evolving and "still unclear" property, note 5, *supra*, created by the renewal term. *See Reid*, 109 S.Ct. at 2177.

III. THE NINTH CIRCUIT ADOPTED A RULE AT ODDS WITH THE TEXT, LEGISLATIVE HISTORY AND PURPOSE OF THE 1909 ACT

A. Petitioners' 1983 Use of the Woolrich Story as Incorporated into the 1954 Film was Authorized by Both Woolrich's 1945 Grant and Section 7 of the 1909 Act

Respondent argues (Resp. Br. 21-22) that petitioners cannot *continue to use* the portions of the Short Story as revised and incorporated into the 1954 Film because petitioners do not *own* an interest in the Story conferred (1) by statute or (2) by assignment. Respondent simply ignores petitioners' brief on this point, Pet. Br. 32 – primarily by the device of arguing that the 1976 Act, not the 1909 Act, governs.[19]

B. Neither Pre-1977 Statutory Nor Decisional Law Preclude The Rohauer Result

Nothing in sections 7 or 24 of the 1909 Act bars the *Rohauer* result. Pet. Br. 14-22. Petitioners have already disposed of respondent's arguments that *Rohauer* is prohibited by:

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[19] Respondent's argument (Resp. Br. 24 n.32) that section 103 does not allow a derivative work exception ignores the fact that the 1976 Congress found no conceptual impediment to stating that the new statutory reversion right, when exercised, would cause all rights previously granted to revert but would still allow the continued use of existing derivative works. 17 U.S.C. § 304(c)(6) (first clause) and 304(c)(6)(A).

1. The rule arising from section 7, now 103, that the copyright in a derivative work only *protects new* matter, not the underlying matter. Pet. Br. 174 n.25.

2. The theory that the judicially defined reversionary effect given the renewal term under section 24 to the statutory successor for a prior work must be applied to destroy enjoyment of the initial and renewal terms given by the same statute to derivative copyright owners. Pet. Br. 17-32.

Neither the present Register's brief nor the former Register, Ms. Ringer, in the CLPS brief, explain why it is so clear *now* that *Miller Music* (1960) governs this case yet *Miller Music* was not cited for that proposition in Ms. Ringer's 1960 Copyright Office Study. See notes 5 and 6, *supra*. Nor is it at all helpful to the analysis to have brief writers, Resp. Br. 23, Songwriters Br. 9, assure us that derivative work copyrights *were* somehow involved in *Miller Music* even though neither they nor their legal significance were ever discussed.

C. Rohauer Better Accommodates The Purposes of the 1909 Act

1. Both Copyright Owners Are Entitled To A Two Term Copyright

Neither respondent nor any of the supporting *amici* briefs make any attempt to reconcile the apparent conflict between sections 7 and 24 of the 1909 Act or explain why the 1909 Act should be read to give derivative works a copyright whose enjoyment is defeasible. Pet. Br. 14-22.

2. The Rohauer Rule Would Not Defeat Woolrich's Reasonable Expectations

Respondent continues to ignore the fact that if Woolrich had survived for another few months, as he reasonably must have expected when he made his 1945

Assignment, petitioners would have even broader rights – the right to make new film versions of the Short Story. Because of Woolrich's death, his statutory successors – even under the *Rohauer* rule – have broader rights in the renewal term than Woolrich would have if he had survived to renew. Although some *derivative* works may only involve minimal variation over a prior work, the prior author nevertheless consented to creation of the derivative work. Under *Rohauer*, the derivative work may only make a *non*-exclusive use of the prior work. Many copyrighted works' authors, *e.g.*, songwriters encourage the greatest possible number of non-exclusive uses. SGA Br. 17.

Respondent now argues that Woolrich's contract reserved to the author and his successors all benefits of new technology. Resp. Br. 42 n.64. If he is correct, the *Rohauer* rule would not impair that right.

3. A Derivative Work Owner Cannot Effectively Protect Himself From An Abend Rule

Although respondent cannot imagine that an *Abend* rule would produce deadlock and "copyright death" for some derivative works, amici briefs filed in support of *both* parties do. Studios Br. 7 & n.9; CLPS Br. 21; Reg. Br. 9.[20]

The majority below held that "special circumstances" precluded injunctive relief in this case because: an injunction would cause great injustice to the Film's owners

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[20] In view of the fact that studios have been distributing films for eleven years in reliance on the *Rohauer* rule, Studios Br. 6, it is not surprising that they do not wish to list those "infringements" under *Abend* on the public record, especially with the circling of third party "speculators" who await the outcome of this case. See, H.R. Rep. 94-1476, *supra*, at 127. *See also*, *Miller Music*, 469 U.S. at 183 n.8, listing some "copyright dead" films.

because they would be precluded from exploiting the new matter in the derivative work[21] and the public would be injured[22] if it lost the opportunity "to view a classic film."[23] Pet. App. 32-33. Respondent argues that if injunctive relief is barred, an impasse is even less likely.

To petitioner's rejoinder that future, uncertain awards of actual damages and disgorgement of profits will also effectively "enjoin" future distribution (Pet. Br. 35-36), respondent, repeating the majority below, notes simplistically that apportionment of profits has long been a feature of the copyright laws. Resp. Br. 22; Pet. App. 35. Both respondent and the majority below soft pedal the fact that infringers bear all the risks of imprecise damage and apportionment calculations. 3 *Nimmer*, § 14.02[A], at 14-11 to -12; 17 U.S.C. § 504(b).

As for the problem of impasse,[24] respondent's "solution" is that a derivative copyright owner "need only

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[21] This would occur in every *Rohauer/Abend* situation and also in cases where a license in a prior work expired by contract. *E.g.*, *Ricordi*, *supra*, 189 F.2d at 471.

[22] Ironically, the majority below impliedly acknowledged that the copyright monopoly creates a tension between an author and public access. Unfortunately, it missed the point that public access is to prevail where those interests clash. H.R. Rep. 60-2222, 60th Cong., 2d Sess. 7 (1909); *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).

[23] By pretending that a "classic film" exception was not created, Resp. Br. 25, respondent avoided responding to the prospect that an *Abend* rule would transform district judges into film critics and social arbiters. Pet. Br. 35.

[24] The Songwriters Brief greatly understates the prospect in two ways. First, it argues that the significant derivative works that incorporate music are other musical arrangements or performances. This ignores the massive amount of licensed

(Continued on following page)

institute a declaratory relief action to establish its ability [to continue distribution] and the portion of profits to be paid." Resp. Br. 25.[25] The first step may require proof of public injury, *e.g.*, "a classic film;" the second step puts the burden on defendant to prove apportionment at his peril, 17 U.S.C. § 504(b) – often based on ancient evidence regarding relative contributions and defendant's expenses and speculative evidence about a future audience's reaction to those contributions. 3 *Nimmer*, § 14.03[C] at 14-29 to -33 & nn.30-32 (apportionment may depend upon audience reaction). Advisedly, neither respondent nor the Ninth Circuit warrant that these "solutions" will be swift. Both of the Ninth Circuit apportionment cases cited below, Pet. App. 34, required at least two appeals each to sort out the apportionment issues. *Cream Records, Inc. v. Joseph Schlitz Brewing Co.*, 754 F.2d 826 (9th Cir. 1985) & 864 F.2d 668 (9th Cir. 1989); *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505

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music from every era now used in motion pictures and television programs. *E.g.*, in 1984 and 1988, MCA used 5.2 to 7 *licensed* songs per each of about 40 films and about 400 *licensed* songs in 250 television programs. Second, it suggests that compulsory licensing and performing rights societies are the solution, but they have limited application to the use of music in films, television or on stage. *See* Ellingson, "The Copyright Exception for Derivative Works and the Scope of Utilization", 56 *Ind. L.J.* 1, 32 (1980). Another *amici*'s solution, that troublesome prior works simply be excised from the derivative work, CLPS Br. 28, thereby creating an "altered" work, creates *other* technical, artistic and legal problems. For example, imagine replacing the music accompanying Gene Kelly's performance in SINGING IN THE RAIN. And, altering a derivative work may require labeling.

[25] Even if it could be assumed that Congress intended to burden derivative work copyrights with the need for "clarifying" litigation, petitioners are not aware of any situation where courts have been willing to grant declaratory relief to parties to enable them to infringe federal rights.

(9th Cir. 1985) & 886 F.2d 1545 (9th Cir. 1989) (revising apportionment favoring plaintiff upwards from 25% to 75%). Even if *certainty* was of no concern, *time* is of concern to a copyright holder whose copyright term is running.

Finally, respondent argues this *is* a case requiring injunctive relief after all. Resp. Br. 25 n.33. If so, it is hard to imagine any derivative work immune from the risk of "copyright death."[26]

4. The Abend Rule Will Only Discourage, Not Encourage, Future Creativity

Since the issue in this case only arises where pre-1978 works are incorporated into later, derivative works, adoption of *Rohauer* cannot deter future creativity. Post-1977 works are subject to the statutory derivative works exception to the new statutory termination right. 17 U.S.C. § 203. However, the newly revised Nimmer treatise concedes that adoption of the *Abend* rule will discourage new derivative use of certain pre-1978 works.[27] 1 *Nimmer*, § 3.07[A], at 3-37 n.29.24. The *Abend*

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[26] Abend ignores the fact that "copyright death" defeats not only economic interests but the public's interest in access to the multitude of creative artists often involved in large derivative works. This result erodes the Copyright Act's primary purpose. See note 22, *supra*. The *amici* favoring *Abend* ignore the prospect that the refusal of just one statutory successor to grant a new license under the *Abend* rule will bar the future distribution of all other included contributions.

[27] All the works created during the period 1962 through 1977 are yet to be renewed.

rule thus will benefit speculators at the expense of living authors.[28]

A new derivative work owner could, as respondent argues, Resp. Br. 41 n.62, "decrease the risk" by buying assignments from the "more likely" beneficiaries of the renewal. But, it constitutes an additional burden on derivative works and constitutes economic waste. If the author survives, the additional cost was unnecessary. If the author dies, the derivative owner may have chosen the wrong beneficiary – especially where the author, as here, leaves neither spouse nor children.

5. Abend's "Parade of Horribles" Is Unfounded

Respondent speculates that a whole parade of horribles will follow if this Court adopts the *Rohauer* rule, rather than the *Abend* rule. Resp. Br. 31-34. But the problems respondent predicts merely illustrate his misunderstanding – seemingly intentional – of the *Rohauer* rule and its theoretical and legal underpinning. Thus, respondent argues that contracts negotiated by authors to receive additional compensation for the renewal term would be void, that authors would be unable to enforce contractual limitations on the editing of their works, and that producers could continue to use author's works, with impunity, even if they breached contracts granting them rights. Of course, this is all nonsense.

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[28] The number of pre-1978 works which are *potentially* subject to reversion (and therefore to be avoided in a new derivative work) is even greater than those that *actually* become *Rohauer/Abend* problems. A prudent producer of a new film that incorporates pre-1978 music will thus restrict his usage to works-made-for-hire or works already renewed.

The *Rohauer* rule does not invalidate the terms of contracts between authors and those acquiring rights from authors. Indeed, the *Rohauer* rule rests, in part, on the author's contractual transfer of the renewal term, as well as the original term of copyright in his or her work. It is respondent, not petitioners, who seeks to avoid enforcing contracts. Respondent argues that studios that have contracted to pay compensation to heirs of deceased authors (and speculators)[29] would seek restitution of the payments made or at least discontinue future payments.[30] But those contracts are binding compromises made because of the uncertainty[31] surrounding this area of the law.

Next, respondent claims that adoption of the *Rohauer* rule might result in a derivative work inadvertently putting a copyrighted underlying work into the public domain. This argument has already been rejected in *Russell v. Price*, 612 F.2d 1122 (9th Cir. 1979), *cert. denied, Drebin v. Russell*, 446 U.S. 952 (1980) and *Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91 (2d Cir. 1981)[32] and is

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[29] Despite respondent's recent protests, Resp. Br. 38 n.56, he previously boasted about identifying 600 films with *Rohauer/Abend* problems, claimed to have acquired renewal interests in at least 100, and assisted Mr. Rohauer (who owned at least 200) by requesting Irwin Karp to file an amicus brief because the *Rohauer* decision had an adverse impact on his business. Pet. Br. 36 n.62; R.87: Abend Depo. at 4, 6, 7, 21-22.

[30] If that were so, respondent should be able to show a pattern of such conduct during the 11 years between *Rohauer* and *Abend*. Respondent cannot.

[31] Since petitioners' 1954 Film was created and copyrighted before this Court's 5-4 decision in *Miller Music* (1960) and was re-released in 1983 specifically in reliance on *Rohauer* (1977), it is difficult to know what *known risk* respondent and some *amici* accuse petitioners of taking.

[32] Neither *Russell* nor *Filmvideo* are inconsistent with *Rohauer*. Pet. Br. 16 n. 23. *Filmvideo* only assumed *arguendo* that *Rohauer* was a "minor aberration," if at all. 668 F.2d at 93.

clearly implausible under Section 7 of the 1909 Act, whose legislative history reveals that its primary purpose is to avoid this very result. Pet. Br. 14-17. Incredibly, respondent also argues that the *Rohauer* rule could result in the petitioners being able to make new derivative works, as well as merely continuing distribution of existing derivative works. Resp. Br. 31. But that is directly contrary to *Rohauer*, and illustrates the distinction between *Rohauer* and *Miller Music* which respondent struggles to ignore – *Rohauer* involved two competing copyrighted works, whereas *Miller Music* involved only one copyrighted work. It is the accommodation of the rights of two *existing* competing copyrighted works that resulted in the *Rohauer* rule. *Ellingson, supra*, 56 *Ind. L.J.* at 23-27.

Finally, respondent contends that under the *Rohauer* rule, the re-release of the older derivative work would frustrate the owners of the underlying work from licensing new derivative works during the renewal term. Apparently, respondent is subtly admitting that he (and other owners of underlying works) might choose not to permit the continued distribution of existing derivative works, so that they could license new derivative works without competition. This is precisely the type of "copyright death" that petitioners fear, but that respondent has argued would not occur. On the other hand, if this Court were to adopt the *Rohauer* rule, the only competition the owners of underlying works would face is that competition from derivative works which their author-predecessors expressly sanctioned and, therefore, expected.

IV. FAIR USE

Respondent does not discuss, and therefore he impliedly concedes, that the statutory fair use factors are neither exclusive nor conclusive, but are intended to help focus attention on the overall fairness of the use based on an "equitable rule of reason." *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 549 n.3, 560 (1985). Considerations of equity and fairness overwhelmingly favor petitioners.

Respondent's analysis of the four fair use factors set forth in § 107 is fatally flawed by his mischaracterization of the facts. First, Mr. Hitchcock did not estimate that 20% of the profits from the film were "attributable to his use of the Story." Resp. Br. 45. *See* Pet. Br. 40, n.69.

Second, petitioners' re-release of the Film did not have a "disasterous effect on the potential market" for a remake film based upon the Story. Resp. Br. 44 & 46 n.69. Rather, respondent's remake "fizzled" because (a) respondent's script "wasn't very good" and (b) the petitioners' "classic film" existed (not because it was re-released). Pet. Br. 40 n.69.

Finally, respondent's argument that "as a general proposition . . . release of an earlier motion picture version will interfere with the release of new versions" is absurd. Resp. Br. 47. The history of film is replete with examples of remakes.[33]

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[33] Steven Spielberg's latest film "ALWAYS," a remake of "A GUY NAMED JOE," has just been released even though the original is still available. See also, HENRY V (1944) (1989). Indeed, many "classic" films of Alfred Hitchcock have been remade: "THE THIRTY NINE STEPS" (1959) and (1978); "THE LADY VANISHES" (1938) (1979); "THE MAN WHO KNEW TOO MUCH" (1934) (1956) and "DIAL M FOR MURDER" (1954) (1981).

V. CONCLUSION

The decision of the Court of Appeals should be reversed with directions to affirm the summary judgment for defendants.

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